

**THE LSU IN SHREVEPORT FOUNDATION, INC.**  
**SHREVEPORT, LOUISIANA**  
**JUNE 30, 2009 AND 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

11/18/09

THE LSU IN SHREVEPORT FOUNDATION, INC.

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

# HEARD McELROY & VESTAL

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October 28, 2009

Board of Directors  
The LSU in Shreveport Foundation, Inc.  
Shreveport, Louisiana

## Independent Auditor's Report

We have audited the accompanying statements of financial position of The LSU in Shreveport Foundation, Inc. at June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The LSU in Shreveport Foundation, Inc. at June 30, 2009 and 2008, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2009, on our consideration of The LSU in Shreveport Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Heard McElroy & Vestal, LLP*

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THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	467,144	2,524
Certificates of deposit-Note 3	600,000	375,000
Investments-Note 3	11,172,551	12,679,196
Accounts receivable	184	185
Contributions receivable	645,000	422,000
Accrued interest receivable	339	68
Deferred charges	<u>9,275</u>	<u>4,927</u>
Total assets	<u>12,894,493</u>	<u>13,483,900</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	22,041	18,485
Deferred revenue	45,275	59,075
Due to LSU in Shreveport-Note 6	3,549,300	4,055,750
Other liabilities	<u>18,966</u>	<u>3,069</u>
Total liabilities	3,635,582	4,136,379
 <u>Net assets:</u>		
Unrestricted		
Board designated endowment	78,845	95,268
Undesignated	<u>610,225</u>	<u>567,898</u>
	689,070	663,166
Temporarily restricted-Note 4	909,161	657,346
Permanently restricted-Note 5	<u>7,660,680</u>	<u>8,027,009</u>
Total net assets	<u>9,258,911</u>	<u>9,347,521</u>
Total liabilities and net assets	<u>12,894,493</u>	<u>13,483,900</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>				
Memberships and contributions	121,659	-	-	121,659
Restricted contributions:				
Instruction	-	137,701	930,219	1,067,920
Research	-	11,050	-	11,050
Public Service	-	28,342	-	28,342
Academic Support	-	11,485	60,009	71,494
Student Services	-	52	-	52
Institutional Support	-	250,149	-	250,149
Operation and Maintenance of Plant	-	-	3,841	3,841
Scholarships and Fellowships	-	115,929	70,815	186,744
Athletics	-	16,078	-	16,078
State Grants	-	4,550	-	4,550
Endowment management fees	120,200	-	-	120,200
Investment income	215,039	-	97,366	312,405
Net realized and unrealized gains (losses) on investments	<u>(31,906)</u>	<u>-</u>	<u>(1,528,579)</u>	<u>(1,560,485)</u>
Total support and revenue	424,992	575,336	(366,329)	633,999
<u>Net assets released from restrictions</u>	323,521	(323,521)	-	-
<u>Expenses:</u>				
Faculty and staff support programs	2,084	-	-	2,084
University support programs	102,722	-	-	102,722
Professorship and scholarship support	4,000	-	-	4,000
Program administration	115,823	-	-	115,823
Direct program expenses:				
Instruction	135,692	-	-	135,692
Public Service	22,943	-	-	22,943
Academic Support	24,728	-	-	24,728
Student Services	52	-	-	52
Institutional Support	5,640	-	-	5,640
Operation and Maintenance of Plant	1,416	-	-	1,416
Scholarships and Fellowships	159,828	-	-	159,828
Athletics	20,817	-	-	20,817
State Grants	<u>126,864</u>	<u>-</u>	<u>-</u>	<u>126,864</u>
Total expenses	722,609	-	-	722,609
<u>Change in net assets</u>	25,904	251,815	(366,329)	(88,610)
<u>Net assets at beginning of year</u>	<u>663,166</u>	<u>657,346</u>	<u>8,027,009</u>	<u>9,347,521</u>
<u>Net assets at end of year</u>	<u>689,070</u>	<u>909,161</u>	<u>7,660,680</u>	<u>9,258,911</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2008			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>				
Memberships and contributions	144,045	-	-	144,045
Restricted contributions:				
Instruction	-	84,430	275,191	359,621
Research	-	13,150	-	13,150
Public Service	-	10,984	-	10,984
Academic Support	-	27,217	60,092	87,309
Student Services	-	215	-	215
Institutional Support	-	9,123	-	9,123
Operation and Maintenance of Plant	-	52,990	30,446	83,436
Scholarships and Fellowships	-	72,447	290,412	362,859
Athletics	-	40,700	-	40,700
State Grants	-	300,000	-	300,000
Endowment management fees	127,797	-	-	127,797
Miscellaneous income	4,000	-	-	4,000
Investment income	323,821	-	298,397	622,218
Net realized and unrealized gains (losses) on investments	(14,904)	-	(920,273)	(935,177)
Total support and revenue	584,759	611,256	34,265	1,230,280
<u>Net assets released from restrictions</u>	559,238	(559,238)	-	-
<u>Expenses:</u>				
Faculty and staff support programs	2,507	-	-	2,507
University support programs	120,332	-	-	120,332
Program administration	136,160	-	-	136,160
Direct program expenses:				
Instruction	240,465	-	-	240,465
Research	6,384	-	-	6,384
Public Service	14,174	-	-	14,174
Academic Support	60,076	-	-	60,076
Student Services	215	-	-	215
Institutional Support	10,801	-	-	10,801
Operation and Maintenance of Plant	235,661	-	-	235,661
Scholarships and Fellowships	156,044	-	-	156,044
Athletics	28,380	-	-	28,380
State Grants	72,977	-	-	72,977
Total expenses	1,084,176	-	-	1,084,176
<u>Change in net assets</u>	59,821	52,018	34,265	146,104
<u>Net assets at beginning of year</u>	603,345	605,328	7,992,744	9,201,417
<u>Net assets at end of year</u>	663,166	657,346	8,027,009	9,347,521

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	(88,610)	146,104
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net decrease in the fair value of investments	2,353,523	1,377,587
Donation of Circle of Excellence Plaza	-	232,840
(Increase) decrease in accrued interest receivable	(271)	944
Decrease in accounts receivable	1	153
(Increase) in contributions receivable	(223,000)	(329,000)
(Increase) in deferred charges	(4,348)	(1,125)
Increase (decrease) in accounts payable	3,556	(63,586)
(Decrease) increase in deferred revenue	(13,800)	650
(Decrease) increase in due to LSU in Shreveport	(506,450)	481,181
Increase (decrease) in other liabilities	15,897	(17,835)
Total adjustments	<u>1,625,108</u>	<u>1,681,809</u>
Net cash provided by operating activities	1,536,498	1,827,913
<u>Cash flows from investing activities:</u>		
Purchases of certificates of deposit	(600,000)	(300,000)
Maturities of certificates of deposit	375,000	100,000
Purchases of investments	(856,059)	(1,498,081)
Redemptions of investments	9,181	5,178
Expenditures for construction in progress	-	(150,673)
Net cash (used) by investing activities	<u>(1,071,878)</u>	<u>(1,843,576)</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	464,620	(15,663)
<u>Cash and cash equivalents-beginning of year</u>	<u>2,524</u>	<u>18,187</u>
<u>Cash and cash equivalents-end of year</u>	<u>467,144</u>	<u>2,524</u>

The accompanying notes are an integral part of the financial statements.



THE LSU IN SHREVEPORT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

1. Nature of Business.

The LSU in Shreveport Foundation, Inc. ("Foundation") is a private, nonprofit corporation governed by a board of directors. The organization's goal is to promote the education and cultural welfare of Louisiana State University in Shreveport ("University"). The organization's activities include management of gifts, grants and endowments for the purpose of providing scholarships, research activities and any other such benefit for the University and its faculty and students as may be prescribed by donors to the corporation.

LSUS Realty, LLC was formed on December 15, 2000. The purpose of LSUS Realty, LLC is to accept property donated to the Foundation. The Foundation is the sole member of LSUS Realty, LLC and, therefore, the activity of LSUS Realty, LLC has been consolidated with that of the Foundation. All of the assets and net assets of LSUS Realty, LLC were moved to the unrestricted net assets of the Foundation during the year ended June 30, 2002. There was no activity recorded by LSUS Realty, LLC during the years ended June 30, 2009 and 2008.

2. Summary of Significant Accounting Policies.

- a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

***Unrestricted net assets*** - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

***Temporarily restricted net assets*** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation, and/or by the passage of time.

***Permanently restricted net assets*** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

The statement of activities presents expenses of the Foundation's operations functionally between faculty and staff support programs, University support programs, program administration and direct program expenses.

- b. In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.

2. Summary of Significant Accounting Policies. (Continued)

- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- d. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.
- f. The LSU in Shreveport Foundation, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements. The Foundation elected in fiscal year ended June 30, 2009 to defer until fiscal year ended June 30, 2010 the provisions of FASB Interpretation 48, "Accounting for Uncertainties in Income Taxes." It has not adopted any uncertain tax positions with respect to those amounts reported in its fiscal years ended June 30, 2009 and 2008.
- g. Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are recorded at carrying amount which reasonably estimates fair value. Fixed income securities are generally valued by reference to outside pricing services, generally using a matrix system incorporating security quality, maturity, and coupon as the valuation model parameters, research, and a review of broker-dealer market price quotations. Short-term investments are valued at amortized cost which approximates market value.
- h. Material in-kind donations received by the Foundation are recorded at fair value as contributions revenue along with a corresponding charge to expense. Material in-kind donations were \$-0- for the years ended June 30, 2009 and 2008, respectively.
- i. Certain amounts in the fiscal year ended June 30, 2008 financial statements have been reclassified to conform to the fiscal year ended June 30, 2009 presentation.

3. Investments.

As of June 30, 2009 and 2008, the investments of all funds consisted of certificates of deposit, investments held by Argent, investments held by Charles Schwab, and investments held by Bank of New York, which are recorded at market value, as detailed below:

	<u>2009</u>		<u>2008</u>	
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>Certificates of deposit:</u>				
Regions	1.10%	400,000	2.10%	300,000
Regions	.70%	200,000		-
Capital One		-	1.65%	75,000
		<u>600,000</u>		<u>375,000</u>

3. Investments. (Continued)

	<u>2009</u>		<u>2008</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
<u>Investments:</u>				
Argent:				
Cash and cash equivalents	1,289,084	1,289,084	-	-
Fixed income-U.S. government obligations	2,541,955	2,425,586	-	-
Fixed income-corporate bonds	250,272	248,434	-	-
Bond funds	1,531,876	1,715,751	-	-
Equity funds	4,413,004	6,539,130	-	-
Equity funds-international	1,142,615	1,367,801	-	-
Charles Schwab & Company, Inc. Pool:				
Cash and money market funds	-	-	292,364	292,364
Fixed income-U.S. government obligations	-	-	2,177,195	2,136,702
Fixed income-CMO and asset backed securities	-	-	1,130,617	1,142,612
Fixed income-mortgage pools	-	-	168,099	173,583
Bond funds	-	-	1,566,283	1,640,121
Equity funds	-	-	7,338,087	7,418,720
Equities held by Bank of New York	<u>3,745</u>	<u>7,420</u>	<u>6,551</u>	<u>7,420</u>
	<u>11,172,551</u>	<u>13,593,206</u>	<u>12,679,196</u>	<u>12,811,522</u>

Net realized and unrealized losses during the year ended June 30, 2009, were \$2,353,523, which included \$1,560,485 as a loss to the Foundation and \$793,038 shown as a decrease in funds due to LSU in Shreveport. Net realized and unrealized losses during the year ended June 30, 2008, were \$1,377,587, which included \$935,177 as a loss to the Foundation and \$442,410 shown as a decrease in funds due to LSU in Shreveport.

The investments held by Argent, Charles Schwab & Company, Inc., and Bank of New York totaling \$11,172,551 and \$12,679,196 at June 30, 2009 and 2008, respectively, were uninsured and were not collateralized. Cash and certificates of deposits are federally insured by the FDIC up to \$250,000 and \$100,000, respectively. Deposits in excess of FDIC limits total \$844,718 and \$379,234 at June 30, 2009 and 2008, respectively, for a total of \$12,017,269 and \$13,058,430 in off-balance sheet risk, respectively. The possibility of loss exists if the investment fund holding uninsured deposits were to fail.

4. Temporarily Restricted Net Assets.

Temporarily restricted net assets consisted of the following as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Instruction	311,707	219,783
Research	20,649	9,599
Public Service	13,320	7,921
Academic Support	68,246	66,810
Institutional Support	273,285	28,776
Operation and Maintenance of Plant	1,792	1,792
Scholarships and Fellowships	72,743	48,193
Athletics	42,710	47,449
State Grants	<u>104,709</u>	<u>227,023</u>
Total temporarily restricted net assets	<u>909,161</u>	<u>657,346</u>

5. Permanently Restricted Net Assets.

Permanently restricted net assets consisted of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Instruction	4,740,233	4,620,814
Academic Support	546,188	596,562
Operation and Maintenance of Plant	140,471	165,108
Scholarships and Fellowships	<u>2,233,788</u>	<u>2,644,525</u>
	<u>7,660,680</u>	<u>8,027,009</u>

6. Due to LSU in Shreveport.

The amount due to LSU in Shreveport represents the State of Louisiana matched funds which are being held and invested for the University by the LSU in Shreveport Foundation for the following endowed chairs, professorships, and scholarships as of June 30:

	<u>2009</u>	<u>2008</u>
Instruction:		
Jerry D. Boughton Professorship in Business	36,510	45,236
Joe and Abby Averett Professorship in Business	36,465	45,014
BellSouth Professorship in Business	37,334	45,878
M. R. Ballard Professorship in Accounting	40,000	-
Kilpatrick Life Insurance Professorship	535,000	659,839
Oscar Cloyd Real Estate Professorship	174,040	214,578
Wesson-Bridger Professorship in Teacher Education	37,326	44,861
Capital One Education and Human Development Professorship	31,748	38,217
Dalton J. Woods Professorship in Teaching	34,474	41,622
Goodloe Stuck Professorship in Psychology	31,748	38,217
Elmer N. Simon, Jr. Professorship for Excellence in Teaching	36,441	44,955
Blue Cross & Blue Shield of Louisiana Professorship	33,816	40,000
Vincent J. Marsala Alumni Professorship	35,321	43,437
James K. Elrod Professorship in Health Care Administration	147,981	180,459
Fred and Sybil Patten Excellence in Teaching in Liberal Arts Professorship	40,761	49,295

6. Due to LSU in Shreveport. (Continued)

	<u>2009</u>	<u>2008</u>
India Studies Professorship	72,415	90,175
Dr. Dalton & Peggy Cloud Professorship in Communications	33,012	40,000
LSUS Debate Professorship	33,012	40,000
Leonard and Mary Ann Selber Professorship	34,822	41,936
Dr. Norman A. Dolch Professorship in American Humanities	78,259	94,498
American Studies Chair	462,384	573,341
Hubert H. Humphreys History Professorship	31,748	38,217
O. Delton Harrison, Jr. Master of Liberal Arts Professorship	33,012	40,000
George and Regina Khoury Professorship in Science	48,018	58,211
Abe I. Sadoff Chair	317,373	383,797
Dr. Richard K. Spears Professorship in Field Biology	43,757	53,270
Don and Earlene Coleman Red River Watershed Management Institute Professorship	41,888	50,601
George Khoury Professorship in Space Science	66,141	80,000
AEP SWEPCO LaPrep Professorship	124,925	54,230
Miriam Sklar Super Professorship in Theoretical Math and Physics	40,000	-
Academic Support:		
Bobbie C. Hicks Professorship-Authors in April	64,683	78,217
Hubert and Pat Hervey Professorship of Museum of Life Sciences	40,000	-
William B. Wiener Professorship of Archives and Historical Preservation	30,981	37,558
Ruth H. Noel Chair	593,316	733,240
Scholarships and Fellowships:		
John and Cheryl Good Scholarship	30,589	36,851
Michael and Tracie Woods Scholarship	40,000	-
	<u>3,549,300</u>	<u>4,055,750</u>

7. Contributed Services.

Louisiana State University in Shreveport provides to the Foundation, without cost, services for the administration of the Foundation in the form of personnel. These services are valued at their actual cost to the University. For the year ended June 30, 2009 and 2008, contributed personnel costs were determined to be \$24,674 and \$16,135, respectively. The amounts for these services have not been reflected in the Foundation's financial statements.

8. Circle of Excellence Plaza.

As part of its 2006-2007 Annual Campaign, The LSU in Shreveport Foundation, Inc. ("Foundation") and the Louisiana State University in Shreveport Alumni Association ("Association") introduced its Circle of Excellence Plaza ("Plaza") to be located on the grounds of Louisiana State University in Shreveport ("LSUS"). On October 1, 2006, the Foundation and Association entered into a Funds Management Agreement ("Agreement") to specifically delineate the process of receiving, placing into accounts, and disbursing of contributions from donors.

The Foundation and Association secured a pledge of \$150,000 from Dr. Lacy and Edie Williams to fund the initial construction of the Plaza. As of June 30, 2007, the Foundation had received \$75,000 of this pledge with the remaining \$75,000 recorded as a contribution receivable. The remaining \$75,000 was received by the Foundation in January 2008. Both contributions were placed in a Foundation account entitled "Williams Circle of Excellence Construction Account" to be used for the initial construction and infrastructure costs of the Plaza.

8. Circle of Excellence Plaza. (Continued)

Contributions are received by the Association to inscribe and place bricks, benches, and other naming opportunities in the Plaza. These donations are deposited into an Association account entitled "LSUS Annual Campaign Fund." Twenty-five percent of the proceeds from these donations are directed to a Foundation endowment account entitled "Circle of Excellence Plaza Maintenance Fund" until the balance in the fund reaches \$50,000. In order to meet the demand for increasing costs to maintain the Plaza, the Maintenance Fund balance ceiling was increased to \$100,000 in April 2008 by votes of the Foundation and the Association in the Second Amendment to the Funds Management Agreement. When a donor purchases a \$15,000 founding gateway paver, \$10,000 is directed into an endowed scholarship fund based on the wishes of the donor, and twenty-five percent of the remaining \$5,000 is directed into the Maintenance Fund. All remaining amounts from the sales of bricks, benches, and other naming opportunities within the Plaza, after obligations listed above are met, are placed in by the LSUS Annual Campaign Fund by the Association to be distributed on an annual basis by the Association's Board of Directors for programs or projects that benefit LSUS.

In April 2007, the Foundation entered into a contract for construction of the Plaza in the amount of \$202,040. As of June 30, 2007, \$55,900 of construction had been completed and was recorded as construction in progress by the Foundation. The architectural services for the design of the Plaza were contributed to the Foundation and had a value of \$26,267. Such costs were recorded as both contributions revenue and as construction in progress as of June 30, 2007. During the fiscal year ended June 30, 2008, change orders increased the construction contract amount to \$206,573. As of June 30, 2008, all construction had been completed and all construction costs had been paid.

Per the lease agreement dated February 1, 2007, between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College ("LSU") and the Foundation, LSU leased the property on which the Plaza was being constructed to the Foundation for \$100. The Foundation transferred any and all ownership interest to LSU upon completion of construction and infrastructure of the Plaza on February 15, 2008.

During the year ended June 30, 2007, the Association received \$90,175 in donor contributions for the Plaza, of which twenty-five percent (or \$22,550) was directed to the Foundation's Plaza Maintenance Fund. The transfer of \$4,225 of donor contributions by the Association to the Foundation's Plaza Maintenance Fund for contributions received during June 2007 was not recorded by the Foundation until the check from the Association was received in July 2007 and is therefore not reflected in the Foundation's financial statements as of June 30, 2007. Additionally, the Association transferred \$30,000 to the Foundation for Plaza construction and spent \$9,248 on annual campaign printing and postage. The transfer of \$30,000 from the Association for Plaza Construction was not recorded by the Foundation until the check was received in July 2007 and is therefore not reflected in the Foundation's financial statements as of June 30, 2007.

During the fiscal year ended June 30, 2008, the Association received \$28,600 in donor contributions for the Plaza, of which twenty-five percent (or \$7,150) was directed to the Foundation's Plaza Maintenance Fund and is reflected in the Foundation's financial statements as of June 30, 2008. In May 2008, the Association transferred an additional \$14,859 to the Foundation's Plaza Maintenance Fund to increase the fund to \$50,000 which is also reflected in the Foundation's financial statements as of June 30, 2008. The Association also spent \$14,377 on brick engraving and the Plaza dedication event.

During the fiscal year ended June 30, 2009, the Association received \$1,200 in donor contributions for the Plaza, of which twenty-five percent (or \$300) was directed to the Foundation's Plaza Maintenance Fund and is reflected in the Foundation's financial statements as of June 30, 2009.

9. Fair Value Measurements.

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements," as of July 1, 2008. SFAS No. 157 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2009 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
June 30, 2009:				
Investments	<u>8,380,324</u>	<u>2,792,227</u>	<u>-</u>	<u>11,172,551</u>

OTHER REPORTS



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October 28, 2009

Board of Directors  
The LSU in Shreveport Foundation, Inc.  
Shreveport, Louisiana

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

We have audited the financial statements of The LSU in Shreveport Foundation, Inc. as of and for the year ended June 30, 2009 and have issued our report thereon dated October 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The LSU in Shreveport Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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#### Compliance

As part of obtaining reasonable assurance about whether the financial statements of The LSU in Shreveport Foundation, Inc. are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, the board of directors, and the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

*Hoard, McElroy + Vestal, LLP*

THE LSU IN SHREVEPORT FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

We have audited the financial statements of The LSU in Shreveport Foundation, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated October 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2009 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control – No significant deficiencies or material weaknesses were noted.

Compliance – No instances of noncompliance material to the basic financial statements were disclosed during the audit.

b. Federal Awards – Not applicable.

Section II - Financial Statement Findings

No matters were reported.

THE LSU IN SHREVEPORT FOUNDATION, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2009

No prior year findings were reported.